

# Boston Executive Business Association.

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ADDRESS

ON

# TAXATION,

WITH SPECIAL REFERENCE TO TAXATION UPON INCOME  
DERIVED FROM PROPERTY SUBJECT TO TAXATION.

By JONATHAN A. LANE,

President of the Boston Merchants Association.

AT A MEETING OF

The Boston Executive Business Association,

AT THE AMERICAN HOUSE, APRIL 20, 1891.

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# Boston Executive Business Association.

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## ADDRESS ON TAXATION.

BY

HON. JONATHAN A. LANE.

MR. PRESIDENT AND GENTLEMEN OF THE BOSTON EXECUTIVE BUSINESS ASSOCIATION : —

In that report on Taxation we had the honor to submit in the fall of 1889, you will remember we called attention to the fact that, at the desire of Mayor Hart, the city had created a Commission to investigate and report on the same subject. For various good reasons, chiefly a pressure of other duties and engagements, there has been no little delay in making up that report. It has at length been submitted to His Honor Mayor Matthews, who is equally interested in the subject, and the same is now in print. I think it only just to my associates to say, that in view of the fact that your Committee, charged with much the same duty, had in the meantime prepared a fairly lengthy report, your Chairman was relieved, and Messrs. Crocker and Minot took the laboring oars. All the same, I dare say in what shall be presented this evening, there will be more or less repetition for which I need make no apology.

What we are all trying to do is to help the public think clearly on the subject, and if possible to get onto common ground, an educational work in which we shall need time and patience to an almost unlimited extent before we get the best results in the way of reform. But if we mistake not, there is no more important, more practical, more interesting economic question before the people, or a better time or more fitting medium for its presentation and consideration than here and now.

### TAXATION OF INCOMES.

I think it will also occur to you, that last year when your Committee on Taxation were considering the whole subject assigned to them, that in what was said in their report concerning the taxation of the business man's income, there was not only the heartiest interest felt, but there was also entire unanimity of views, not alone because the subject would naturally interest a "Business Association," but also because it was an emphatic disclosure and illustration of the inequality and injustice of our system of taxing personal property by the local assessor, which, by your vote, you have declared should come to an end, new and better methods taking its place.

This paper is, therefore, mainly a more or less imperfect discussion of one

topic, in that broad field in which we have before travelled, I may say, very satisfactorily, together.

That portion of the Public Statutes which covers the case in hand, and is, no doubt, familiar to you, reads as follows : —

CHAP. II. SEC. 4. PERSONS AND PROPERTY SUBJECT TO TAXATION.

“ Personal estate shall, for the purposes of taxation, include goods, chattels, money, and effects, wherever they are, ships and vessels at home and abroad, money at interest, and other debts due the persons to be taxed more than they are indebted or pay interest for, public stocks and securities, stocks in turnpikes, bridges, and moneyed corporations within or without the State, the income from an annuity, from ships and vessels engaged in foreign carrying trade, within the meaning of section eight, and so much of the income from profession, trade, or employment as exceeds the sum of two thousand dollars a year; but no income shall be taxed which is derived from property subject to taxation.”

This last clause seems to be as clear as it is concise, and I doubt the possibility of putting the purpose therein embodied in more unmistakable language. And as we understand it, so do all with whom I have come in contact, especially eminent economic and other writers by whom it is quoted. Indeed, I have yet to find any other construction in meaning than this. When the business man is taxed, as legally he may be, for his entire stock of goods or capital in trade, he shall not be taxed also for any income which may be “*derived*,” “*or come from*,” or “*originate in the same*,” all synonymous terms. To forbid such double taxation is so manifestly just, that we know of no State in the Union where it exists as it does here to-day; and the State of North Carolina has a constitutional provision against it which reads as follows : —

“ The General Assembly may also tax trades, professions, franchises, and incomes, provided that no income shall be taxed when the property from which the income is derived is taxed.”

The latest expression of opinion regarding it which has come to my knowledge is specially worthy of attention because, in a sense, it seems to be from within our own household.

MAINE TAX COMMISSION.

A year ago the State of Maine created a special Commission on Taxation, of three of its ablest citizens, Judge Oliver G. Hall, and Samuel J. Anderson and John L. Cutler, Esqs. Their valuable report is just published, with its recommendations to the next legislature of that State, now in session. Perhaps I find myself more interested in their report because it comes so soon after that of your own Committee, and because, also, we find therein some references and conclusions indicating in more points than one, that this learned Commission and your own Committee are in hearty accord.

I shall have occasion to refer to their report again, but in regard to the matter of an income tax on property subject to Taxation, they say that :—

“To tax capital, property, lands, and also the income arising from their employment, is intolerable as double taxation.”

They also say :—

“That they regard an income tax as open to grave objections because in conflict with the Constitutional provision requiring that all property should be taxed according to its just value.”

*Both* being, in their judgment, out of the question, they adhere to the Constitutional requirement.

It is plain, therefore, that these Tax Commissioners from Maine on this subject are in accord with that public opinion throughout the United States which does not favor any kind of an income tax; and this method of taxation so conspicuous as a source of revenue abroad, is substantially rejected in this country. Were, however, an income tax on personal, or even upon all property constructed upon principles of justice and equality, and as a *substitute for* that taxation of personal estate which now exists, it would, in the judgment of many economic writers, be a great gain to all classes, and in all respects an improvement upon present methods.

The primary objection to our system is its most palpable injustice and inequality. It is, as these gentlemen declare, a double taxation, which they will not for a moment entertain. *We* have been dragged into it by a perversion of that law which was plainly meant to protect the business man therefrom.

#### INJUSTICE OF TAXING BUSINESS MEN'S INCOME.

Some of the reasons why the tax upon the income derived from a stock of goods is an aggravated double taxation, are

First,—Because the stock of goods thus taxed often, and perhaps we may say generally, exceeds in value the means or capital of the party in business. For instance, I well recall that when the writer started in business with a capital of \$10,000, his dry goods jobbing stock was three or four fold that amount, and was taxed accordingly; and I think it is true of most concerns, especially in the earlier part of their career, that their capital in business is very much less than the value of the merchandise they carry, and which is generally taxed in preference to the capital employed. It is a question I have already suggested, and which I leave you to answer, whether or not such cases are not in the *majority*, and therefore, such parties are taxed upon property for which they are in debt, upon what they owe, as well as upon that they own. There has not been much disposition in this State to remedy this unfairness, there being so many who think that all visible and tangible property should be taxed on the ground that the tax will distribute itself upon those who use or consume the property or goods.

As most of you know, the policy of New York has been more just in



this respect. "If a business firm has a stock of \$100,000 goods, and there are bills payable on this of \$25,000, and they owe on open account \$25,000 more, their actual interest in the goods is \$50,000, on which they are taxable under existing laws." As under Massachusetts laws, the party who holds this indebtedness would be liable to taxation for his \$50,000 of notes or accounts receivable also, you will see the fairness of the recommendation in Mr. Crocker's report that meets just this case; but there being no such credit in this State to the merchant, how unjust becomes that multiplied taxation which embraces both the entire stock of goods and any income that may be derived therefrom.

Again, the profits or income of business as it is ordinarily conducted, cannot be accurately determined each year. They may be fairly estimated on the basis of about the cost of goods on hand and debts receivable at 100 cents, but I need not, to those who hear me, intimate how uncertain are all such calculations. I think that in nearly all the failures in our experience the past year, the parties on this basis had 100 cents or nearly so, while we received a dividend of from 40 to 60 cents.

Again, I recall an instance where we were called on to help settle an estate in which the assets were in part a stock of goods standing at about \$150,000. The best thing that could be done was to sell it at about \$50,000 less. How many years of so-called profits were at once thus wiped out?

Moreover, such annual taxation of profits or gains seems needless, when each returning spring, the assessors are at liberty to doom the party for any indications of prosperity by an addition to the assessment of stock or capital in trade.

#### TAXATION OF INCOMES NOT DERIVED FROM STOCKS OF GOODS.

Here it may occur to some that while all this is true of the business capital referred to, yet it may not be so clear that the retired merchant, capitalist, banker, railroad magnate, promoters of great enterprises, etc., should escape taxation upon those sometimes enormous profits or incomes, growing out of the enterprises in which they engage. I confess, gentlemen, I do not know where the line is drawn which separates incomes derived from taxed property, so that one portion may be and the other may not be taxed. As I understand the law, *no* income should be taxed when the property is taxed from which it comes. I believe all our tax bills read, "Personal estate or income," a sort of scoop net intended to catch all, but in the Massachusetts Tax Commissioners' Report of 1875, which is authority on this subject, where in defending this tax upon the gains of the merchant on the ground of its being an additional ability to that which is measured by his capital, on page 53, they say,—

"Nor is it true that if such income should be taxed, all incomes should also be included. The ability derived from mere property is no greater in the hands of one than of another. Bank stock held by the greatest mer-

chant yields no more dividend than if in the estate of an infant or lunatic. When the State has assessed the capital once, it has levied the full contribution which the ability of the owner ought to bear in that respect, and the income without further deduction is the owner's share. But the gains of the merchant trader or manufacturer are not of the same nature as the interest on money, the dividends of stocks, the yield of land, or the rent of buildings."

I leave you to judge of the injustice of this discrimination in favor of that class whose gains and returns, from interest on money, dividends on stocks, etc., exceed all others, and whose fortunes and income are the startling feature of our times. It might, perhaps, be sarcastically observed that these gentlemen have no need of, and therefore, have "no faculty" worthy of being assessed, that attribute needs to be specially looked after in the case of the humble shopkeeper or the junior partner in some Boston firm, living in the suburbs, where the assessors need all the advantages of an income tax, additional to that which has been assessed and paid in the city upon the stocks of goods from which a living, for such junior partner, is supposed to have been derived, because expended by him.

#### MASSACHUSETTS TAX COMMISSIONERS' REPORT.

In the Massachusetts Tax Commissioners' Report of 1875, to which I have just referred, there is much more on this subject, not unfamiliar to you, because the views expressed are the same as those from the Chairman of our Board of Assessors, following your report and printed also in the fall of 1889.

In this report they declare,

"This tax has always held a *prominent* place in our system of taxation." I beg to emphasize that word,— "*prominent*."

Again they say,

"But while every tax act, from colony times to the present day, has plainly and explicitly required the taxation of incomes, as a matter of fact, income is taxed in but few places in the State." Giving the figures at that date, — 1874,— "Out of three hundred and forty towns and cities, less than fifty reported an income tax in their valuation lists." I do not comment on the apparent contradiction of these statements.

#### REPLY TO YOUR COMMITTEE.

In reply to your Committee, he says, "An extract from the Law of 1646 will show *that an income tax upon business men has been in force in this State for two centuries!*"

This is explicit and to the point, because of the reference to "business men," and, although I have before publicly called attention to this matter, I think it will bear repetition. Fortunately for us, the extract from the colonial laws by which he undertakes to maintain these assertions is given,

and please do not forget that this citation is all the evidence furnished to prove the prominence of an income tax upon business men for more than two centuries.

#### ANCIENT STATUTES.

We now turn to the Ancient Statutes under the head of "Charges Publick." Section 3, pages 134, 135, of the recent edition of Colonial Laws, published by order of City Council under the supervision of W. H. Whitmore, Esq., is the whole story of taxation in 1646. It will be conceded that these acts lie at the foundation, and are in spirit identical with our laws concerning taxation as they exist to-day.

That portion of this lengthy section, which in specific and accurate language *does* apply to business men, reads as follows:—

"The estates of all merchants, shopkeepers, and factors shall be assessed by the rule of common estimation, according to the will and doom of the assessors, having regard to the stock and estate, be it preferred to view or not, in whose hands soever it be, and if any such merchants find themselves overvalued, if they can make it appear to the assessors, they are to be eased by them, if not by the next county court."

But this portion of the statutes which so distinctly refers to business men is not the one quoted by the Massachusetts Tax Commissioners in their report. It does not seem to suit their purposes. It contains not the slightest allusion or reference to "any gains or returns" upon such stock and estate. That must be found elsewhere, and maybe some of you will recall the fact that when it was read in your hearing, you noticed that about every class in the community but the farmers and merchants were embraced therein.

"And for all such persons as by the advantage of their arts and trades are more enabled to help bear the public charges than the common laborers and workmen, as butchers, bakers, brewers, victuallers, smiths, carpenters, tailors, shoemakers, joiners, barbers, millers, and masons, with other manual persons and artists, such are to be rated for returns and gains, proportionable unto other men, for the produce of their estates."

Now, is there anything in this clause which indicates that the business man is included, and that he shall be taxed upon his "returns and gains" upon the stock or capital which has been taxed and from which the gains are derived, if any there be? It can by no means be construed from anything that I can discover, unless it be from those last words, "proportionable unto other men for the produce of their estates," a quaint phrase which it would seem can only mean what that word "produce" signifies, to wit: The business man must "show" or produce his stock and estate, the professional man his gains and returns, and this is precisely in accord with the present statute which puts the whole interpretation beyond doubt by these clear and unmistakable words, "But no income shall be taxed which is derived from property subject to taxation."



## BODY OF LIBERTIES AND PLYMOUTH COLONY.

There is one little reference to income or revenue in the Ancient Body of Liberties, to be found in this same volume, which is somewhat suggestive.

"No man shall be rated here for any estate or revenue he hath in England, or in any foreine partes till it be transported hither."

A certainly very generous provision for those of our colonial fathers who in leaving old England's shores for this untried wilderness, still had the satisfaction of receiving therefrom the gains, or returns, or revenue, of some estate left behind, upon which they might not be rated or taxed for the support of and in the Colonies, until it were re-invested here.

Whatever conclusion you may reach in regard to the interpretation of these ancient laws, I think there can be but one as to the unfairness and the weakness of a case resting upon that quotation alone.

And we are constrained to ask, if such an income tax upon business men has for two centuries held a prominent place in our system of taxation, why it is that these learned commissioners in Maine,—which State only separated from us in 1821, taking with her, substantially, the same system of laws, and which, as the commissioners say, has so remained,—do not find any income tax on their statute book, and do not propose its introduction in any wise into their State?

There is one other reference on this subject worthy of attention. In the Plymouth Colony there was a law which provided "that *all* persons bee rated according to their goods, faculties, and personal abilities; the visible estate at a fixed valuation, but faculties and personal abilities at will and doome."

While this more ancient rule has no special application to the case in hand, it is both instructive and amusing. No doubt the Pilgrim Fathers could be trusted to determine the nice question of what value should be placed upon each other's faculties and abilities, and could we find an equally conscientious body of men in the old Commonwealth to-day, *and the money-getting faculty without distinction of classes or business* be as wisely doomed, I do not know why we should not all be resigned to the consequence thereof!

But in the changed condition of things we have little to say for or against a continuance of the "faculty tax" as originally designed. With the present exemption of \$2,000, it certainly cannot be regarded as oppressive, compared with the same tax levied upon the business man. He cannot increase his income ordinarily, except by doing more business, which means paying more taxes upon goods and indebtedness, and, in general, taking more risk and carrying a heavier burden. We have, however, elsewhere expressed the opinion that it might be as well, in view of the disfavor with which this tax is almost universally regarded, to abandon it entirely, if any plan can be devised by which better methods of taxation may take its place.

In concluding this part of the discussion and reference to these old colo-

nial laws, I am free to say that I do not see how anything can be plainer than that the trading and mercantile class were to be taxed upon their goods, wares, and merchandise, and the artist and artisan class, who seldom carry stocks of goods of any description, are to be taxed upon their returns and gains, always providing they exceed the sum exempt, which has been increased to \$2,000. If it were not so, *why should the distinction be made?* If all classes were to be taxed for their gains and returns, it would have been the easiest thing in the world to have thus expressed it in the statute, and so made it unmistakably clear in both old and new laws. I know men of the highest character in the State, who say to me, "That, while they deem it right that they should make a correct return of the value of their stocks May 1st, yet they never have and never will return, declare, and pay a tax upon the income therefrom, for the law on this subject is to them as plain as any commandment in the Decalogue."

WILCOX *vs.* MIDDLESEX, MASS. REPORTS. 103-544.

We come now to that decision of our Supreme Court to which we have already incidentally referred, which is mentioned in the Massachusetts Tax Commissioners' Report as the end of all controversy on this subject, and which the chairman of our Board of Assessors, in his reply to your Committee, commends to our study, that we may derive some information from the reasoning of the learned Judge who wrote the opinion of the Court.

Mr. Wilcox was in 1868 and is to-day of the well-established firm of Day, Wilcox & Co., South Street. He resided in Medford. The firm, of course, paid taxes upon their stock of leather in this city, and Mr. Wilcox, admitting to the Assessors of Medford an income of about \$5,000 from his business, was taxed thereon by the Medford Assessors; and this case, which is precisely like hundreds to-day, where a firm doing business in Boston has members residing out of the city, was by appeal carried to the Supreme Court and decided adversely to Mr. Wilcox. We understand the decision was written by Judge Seth Ames, deceased, and met the approval of the full bench of that day. After the usual preliminary statement of the case, the learned Judge declares,

"That the assumption that the tax upon his income is assessed in violation of that clause, 'No income shall be taxed which is derived from property subject to taxation,' is a fallacy."

In other words, we are told at the outset, that the statute does not mean what it says, but something else, and the first point made to show what it does mean is the declaration:—

"That the income from a profession, trade, or employment which is taxable under our system of laws, is an entirely different thing from the capital invested in the business; that the income meant is the income for the year, and is the result of the year's business."

We reply, of course the income referred to in this statute is income for

the year ; in one case, the gains and returns of a profession, trade, or employment ; in the other, the profits or gains of a business in which capital is invested ; in both cases differing from capital, only that this income is derived from capital, or from something else than capital. When this income is derived from one source, it is to be so regarded ; when it is derived from the other source, it is to be otherwise regarded for the purposes of taxation. The income in both cases is money, and is the same exact thing which both the professional man and merchant equally needs for the support of himself and family. That of which the law takes cognizance and which the judge, it seems to me, coolly ignores, is the important fact of from whence the income *is* derived. Why should not due heed be given to that little significant word, "But." It is grammatically a disjunctive conjunction : its use is both to connect and separate. It brings these two incomes together that it may make a separation between them as distinct as a Chinese wall between two peoples. It declares that one income derived from faculty alone without capital, if it shall exceed \$2,000, may be taxed ; but that the other which is derived from taxed capital shall *not* be. The reason is obviously because the capital itself is taxed ; and yet this distinction which language could hardly make more clear, this learned judge seems to quite disregard.

Again he says : "The income of the year's business is the net result of many combined influences : the use of the capital, personal labor and services, skill, ability, etc." To sum it all up,—it is the creation of "Capital, Industry, and Skill." Here is a view of the case worthy of more consideration, and is an argument designed to show that the income referred to as derived from capital, does not proceed from capital alone. But this statement or argument is certainly nothing new. Of course capital cannot go alone. It is the very product of industry and skill, and until the world's end they will be just as they are to-day — yoked together. An empty store with ever so good a shopkeeper, and a full store with nobody to serve in it, will produce the same barren result in 1890 as in 1646, when the colonial laws were framed ; and it does not take two centuries in the history of this Commonwealth to learn that capital is subject to the same conditions, and that naught "can be derived" or "come from it" except by man's untired energy. We cannot believe, therefore, that any such consideration did have weight or should have weight. It still remains true beyond any question that the income is derived from the capital by such methods, agencies, or means as always have and always will be required, and without which capital would not only fail to yield any income but would itself shrink and disappear. There is, however, in this decision a plain declaration that one of the many influences referred to as producing income in business is "the use of the capital." It does then, count for something, and were it not for this saving clause, I do not see why the decision of the Court in this case would not bring us to the logical absurdity, that there is no

income produced by capital. It is the product of industry and skill alone, which, if admitted, makes the statute a senseless mockery!

As this case went against Mr. Wilcox, I do not know where or how he got anything for the use of his capital, unless he gave it due credit in his returns. It is a sure thing that this decision makes no provision of that kind, although it intimates that it should be made somewhere or somehow. By reference to that Massachusetts Commissioners' Report in 1875, you will see that they very delicately refer to this "inequality," as they are pleased to term it, and to get rid of this inconsistency, advise a change in the law, so as to allow 6% of the value of the property for its use, and I understand that for years such has been the practice of our assessors, arbitrarily, of course, and without any provision of law,—other assessors knowing no such rule or practice.

#### THE 6% CONCESSION.

I have hardly time to discuss this question of the reasonableness of this concession of 6%. I do not believe in it, because, to my mind, the law never meant or contemplated any such thing. The law means that the income which is derived from property which is taxed shall *not be taxed*,—*any part of it*—and nothing else can be made of it by any honest interpretation.

As to 6% on the value of capital liable to be sunk in business, I should like to know if there is a man in this body of experienced business men, who would invest capital as a limited or special partner for no other consideration or prospect than 6% on the same. If you would not, then of course it is worth more than that, where such risk is taken, a risk which, please consider, means liability to be *sunk* in the business, and which is not a debt, with chance of dividend.

I might illustrate the whole case by my early experience. The year before I started in business, I was in receipt of a salary not exceeding \$1,000. My employer was disposed to better his fortunes by embarking in another business, and proposed that I should buy him out and succeed him.

I did so, putting in \$5,000; my employer put in \$5,000 more, as special partner, and I did a small jobbing business of about \$100,000 per annum. Of course, as that business was closed at the end of two years, by the forming of a new firm, it is without doubt that the \$1,000 which, as an employee, measured my value and income per annum, from "profession, trade, or employment" became \$4,000 or \$5,000 when it was supplemented by the capital out of which to draw these increased gains. But this capital, as I have before intimated, was taxed, and more, too, because my stock was three or four times my capital. Now the law says that income thus derived shall not be taxed. My income was increased some \$3,000 or \$4,000, the result of the same industry and skill as was exercised by me as an employee, but which, by raising and risking the capital and linking them together, produced



these added gains or income. Now, I ask any one of you, would the concession or allowance of 6% or \$600 on the value of the capital have been anything like a true measurement of its use or value to me? Or would it be a just interpretation of the law to tax me upon my stock of goods, plus the income derived from the business, less the 6% only of the capital placed at risk in the transaction?

#### CORPORATION COUNSEL RICHARDSON'S OPINION.

But we have a recent opinion upon this subject from a gentleman whom we all know and highly esteem, Corporation Counsel J. B. Richardson, who by reason of this matters coming before the last legislature, was called upon by our Board of Assessors to answer two questions on the subject of Taxation. One of these I will pass by, for it is not needed in this discussion. The other exactly fits the case in hand. It was this:—

“Are the assessors justified in allowing legal interest on capital invested as the income of that capital and in exempting its amount from assessment as income derived from property subject to taxation?”

You will observe that as the Board of Assessors put this enquiry, they make it incline towards “invested capital,” rather than to the business man's capital. I do not quite understand why.

We will pass all that, however, as Mr. Richardson's reply meets the case of business capital fairly enough. I will read from the printed page as it may be obtained at City Hall, and I am glad to call public attention to this reply, for I do not think it has received the consideration it deserves.

The date of this publication is April 16, 1890, one year ago, and is as follows:—

#### CITY OF BOSTON.

##### OPINION OF THE CORPORATION COUNSEL ON TAXING INCOME.

(Under Public Statutes, Chap. 11, Sec. 4.)

APRIL 16, 1890.

To the Honorable the Board of Assessors:

GENTLEMEN:—In reply to your letter of the 14th inst., in which you submit the following questions:

“1. Are the assessors justified in allowing legal interest on capital invested, as the income of that capital; and in exempting its amount from assessment, as income derived from property subject to taxation?”

It is your duty, I think, *under the law, as construed and stated by the Supreme Judicial Court*, in the case of *Wilcox v. County Commissioners*, 103 Mass. 544, to assess a tax upon a merchant's or trader's income, as well as upon the value of his stock, on or by which he is enabled (with his skill, etc.,) to obtain such income, notwithstanding the provision of the statute that “no income shall be taxed which is derived from property subject to taxation.”—*Pub. Stats., Chap. 11, Sec. 4.* “The income,” said the Court, in said case, “from a profession, trade, or employ-



ment, which is taxable under our system of laws, is an entirely different thing from the capital invested in the business, or the stock of goods, in the purchase of which the whole, or a part of such capital may have been expended." "The income meant by the statute is the income for the year, and is the result of the year's business. It is the net result of many combined influences; the use of the capital invested; the personal labor and services of the members of the firm; the skill and ability with which they lay in, or from time to time renew, their stock; the carefulness and good judgment with which they sell and give credit; and the foresight and address with which they hold themselves prepared for the fluctuations and contingencies affecting the general commerce and business of the country. To express it in a more summary and comprehensive form, it is the creation of capital, industry, and skill."

I understand it to have been the practice of your board, to deduct from the whole of such an income (in addition of course to the \$2,000), a sum, which, in the opinion of the board, represents or is equal to, the part of said income which is attributable to the stock itself, independently of, or separate from, the "skill and ability" or the other "influences," by which the income was produced or realized; and, inasmuch as the legislature has furnished you with no rule or guide in this respect, I do not see why you are not justified in allowing and deducting the amount of six per cent. of the value of the stock, if that, in your judgment, is the right amount, from said income, in order to arrive at that part of the income which may be taxed, without violating that clause of the law which I have quoted. (*Sec. 4, Ch. 11, Pub. Stats.*)

There is, however, no reason, as far as I can see, why you should deduct the amount of *six per cent. of such value*, any more than the amount of four, five, or seven per cent., *or an amount arrived at in any other way*, unless you find, of course, that the amount of six per cent. of such value is the right sum. The point is, in the practice of your board, I suppose, to deduct such an amount as is, or was, derived from the stock itself, *if you can find what that amount is*, so as to enable you to assess a tax only upon income derived from the skill, industry, etc., of the person to whom income "has accrued."

Very respectfully yours,

J. B. RICHARDSON,

*Corporation Counsel.*

I do not know how this opinion strikes you, gentlemen. Of course, the Corporation Counsel must follow the decision of the Supreme Court so far as he can discover just what that path leads to, but without reading between the lines and taking that last paragraph only for what it declares.

"There is no reason, as far as I can see, why you should deduct 6% of such value any more than any other per cent. if you can find out what that amount is," and it seems to me the question is left in much better shape for us, than it was by the Supreme Court. I presume, under this advice, our assessors may do about as they please, and I do not see also why the business man may not also do about as he pleases in determining

the value of the use of his capital in its relation to the income proceeding therefrom; and I think the thanks of the business men of Boston are due to Hon. J. B. Richardson for an opinion in this case, which shows us at least one way out of the confusion and bewilderment which it seems has come entirely from a decision which has been commended to us by the chairman of the Boston Board of Assessors, as the end of all doubt and controversy!

#### INCOME FROM REAL ESTATE.

It will, doubtless, occur to some of you in this connection, that there is certainly one class of property, the income of which is not subject to taxation, — real estate. Very true. That section of the General Statutes which we cited at the beginning applies to personal property only. Of course, real estate escapes. And yet, so far as there is any equitable principle in the case, it is not easy to see why, with equal justice, the income derived from real estate may not also be made taxable. Skill, industry, and good judgment, the same faculties which are needed in any business, applied in the purchase, care, and improvement of real estate, pay quite as well. The real estate holder has the added advantages, first,—that under existing laws in this State by which real estate is relieved from double taxation, he only pays taxes practically on about what he owns in his real estate; and secondly,—because he will be constantly getting, in the increasing value of well-chosen real estate, that “unearned increment” which is so much discussed in our day, and which is more than anything else the direct fruitage of the industry and enterprise of the merchant, shopkeeper, factor, and industrial classes, without whom real estate anywhere would be of little value.

It is interesting also to note in the report of Judge Hall, of Maine, that he says, “To tax capital, property, and *lands*, and also the income arising therefrom, is (alike) intolerable.” We cannot see why this grouping together of real and personal is not right for all the purpose of taxing both property and the income derived therefrom.

#### SUMMING UP OF INCOME TAX.

Suppose, now, that we sum up the whole business as clearly and strongly as we may.

This State authorizes the taxation of incomes from “profession, trade, or employment” when that income exceeds \$2,000 per annum, on the principle set forth in the colonial statutes, to wit,—that this class may properly contribute to the public burdens when their gains and returns warrant it. But with equal explicitness, the law forbids the taxation of any income derived from property which is taxed, making no distinction between real and personal, and including all classes and holders, business men, invested capital, etc. This legislation we declare to be in accord with that of other

States in the Union, in not one of which would the taxation of personal property at its full value, and the taxation of the entire income derived from the same, be tolerated, the latest utterance on this subject being from the State of Maine within the present century, a part of our own Commonwealth.

But our Supreme Court has decided that the income from capital, as meant by the statute, is the product of industry and skill with, perhaps, some allowance for the use of the capital, and that it may be taxed together with the property from which it is derived. Of course, this decision obliterates the distinction made between two classes; virtually repeals the act declaring that one class shall not be taxed upon both the property and income therefrom; is contrary to the obvious meaning of the language and intent of the law; does great injustice to the tax-paying business men; strikes all fair-minded persons as an outrage upon the common sense and intelligence of the State; and in its results is a kind and degree of double taxation, without a parallel in these United States, so far as we have been able to learn.

#### PROSPECTS OF ANY CHANGE IN THE LAW.

And now, you will naturally ask, what should we or our Committee on Taxation, undertake to do about it? Go to the Supreme Court of to-day with a new case, hoping for a reversal of the decision which has been given? I should say, as much as we might like to see this case tried again by the Supreme Court of to-day, it does not seem to be practicable. For two decades of years this strange interpretation or misinterpretation has stood. If deemed by the people of the Commonwealth unsound as law, or unjust to any class of the people, the remedy is the Great and General Court, where the whole matter could be at once rectified. How the question might be treated by the legislature we can well imagine from the testimony of those who have been there, have tried it, and from some of whom we may hear this evening. There seems to be a feeling on the part of certain gentlemen, who find their way to the State House more often than any of us, that any such restoration of the law to its original just purpose would be granting relief from taxation to a class in this State who do not need it, and that if anybody is suffering, it is some other class, perhaps the farmers, whom it is generally most convenient to make a handle of, and as to the business men, they declare, "Let them be taxed, capital, income, and all. They have got used to it and they can stand it."

Now, as one of the business men of the State, I am free to say I have no inclination to go to the legislature asking for special relief. The only plea that I think it becoming to urge is a demand for simple justice and right. That a law, as plain as the English language could make it, and which was meant to protect *all* citizens from a kind of taxation repudiated by nearly every State in the Union, should be in its interpretation restored to its

original meaning and application. If the farmers of this State, with whom we are identified in everything that goes for its honor and prosperity, are suffering on account of any double taxation inflicted upon them, let them have equal consideration. We hear at times intimations that rural real estate is, in some quarters of slow sale, overvalued and overtaxed. This may be true of some real estate all over the State, but we know of prosperous towns where the real property is assessed at about half what it can be purchased for, and on the whole we wait for the evidence that any class in the Commonwealth is oppressed in the taxation or valuation of real estate.

#### “DOUBLE TAXATION.”

We are all well aware, however, that by economic writers double taxation is not always condemned. Income taxes more than any others are open to this criticism, and where they become a prominent source of revenue, as on the continent, it can hardly be avoided. For instance, the income tax of the United Kingdom, say about 2%, 5d. to the pound sterling, which yields a return of £12,000,000 annually, is drawn from five classes or schedules of property:—

- Schedule A. Lands, houses, etc.
- B. Occupation of land.
- C. Government stocks, etc.
- D. Trades and professions.
- E. Public offices.

But singularly enough, the double taxation comes in only on lands and houses. My friend, Professor Ely, of the Johns Hopkins University, to whom I am constantly indebted for facts and information on this subject, writes me as follows:—

“Double taxation is not necessarily a bad thing, not necessarily illegal, as has been pointed out by Judge Cooley. What we may object to is unfair taxation, but it is conceivable that a man may be taxed two or three times on the same property and yet not be unfairly taxed. It depends, among other things, upon the proportion which the tax bears to the total amount of the revenue yielded by the property. Why should a man who now pays \$200 a year in a single tax object to paying \$150 in three separate taxes of \$50 each?”

Prof. Seligman, of Columbia College, who is devoting much time to this subject, and whose articles are to be found largely in the *Political Science Quarterly*, writes:—

“It is a great mistake to think that double taxation is always wrong. Duplicate taxation is unjust only when one tax-payer is assessed twice, while another is substantially only once. The Massachusetts principle is, indeed, unjust, because only the income from a profession, trade, or occupation is separately taxed. Other people, such as *investment holders*, pay



only on their property, business and professional, on both property and income. It is the inequality of the tax which renders the system crude and inequitable."

Now, with the greatest respect for these gentlemen at whose feet the ordinary business man must expect to sit and learn, I still greatly doubt the wisdom or justice of *any* double or multiplied taxation. The public are not looking that way for a deliverance from the evils of the present system. *One honest* tax or method of taxing, would be far more acceptable, if the wit of man could only devise it, and the single tax theory of Henry George finds many friends because of its simplicity and directness. Indeed, if his disciples would drop the absurdity of absolute free trade to which they have yoked it, and be satisfied to reach the result they aim at by successive steps in regard to *local* taxation which by Mr. Crocker's report is 4-5 of the entire public burden, they could do a great deal more good than they are now accomplishing; and their illustrious chieftain might see some victories during his lifetime.

The experience of the people of this State in relieving *one* class of property from double taxation has been most instructive. When you place a mortgage upon a piece of real estate, you do not *create* any property thereby. It is simply a change of ownership in or of such estate; and although it was a long and hard struggle to make the people of the Commonwealth see it, and by law relieve real estate from that double taxation involved in the result of taxing both the real estate for its entire value to the mortgagor, and the note secured by mortgage to the mortgagee, yet now that the new law has stood for a term of years, and been tested by results, you can hardly find a friend of the former condition of things. I need not repeat the argument of your Committees. I must, however, note the gratifying fact that this subject was duly considered by the Maine Commissioners.

They noted and they quoted in their report both what your Committee had to say in favor of the law as it now stands, and the reply of the chairman of the Boston Board of Assessors in favor of returning to the old order of things, and then decided in favor of this Massachusetts reform, by embodying in their recommendations and new codification of the Maine Statutes in the section which declares what, for purposes of taxation, is personal property as follows:—

Omitting what precedes and follows, it reads:—"Money at interest and debts due the person to be taxed more than they are indebted, but not including in such debts or indebtedness any loan or mortgage of real estate taxable as real estate, except the excess of such loan above the assessed value of the mortgaged real estate."

This indication of progress in our daughter State should encourage us in any efforts we may make to relieve personal property also from similar double taxation.



That there is a large amount of personal property still doubly taxed, everybody knows. Relieving income from taxed property is all right, but the magnitude of the result thus accomplished would not compare with what justice and equity demand in regard to double taxation in general.

“TORREN’S SYSTEM OF TRANSFER OF LAND.”

One exceptional legislative incident of the present session serves an admirable purpose in disclosing the utter absurdity of the present system. We have been taught to suppose there was an essential and inherent difference between a title deed of real estate and a certificate of stock in a corporation, one being called property and taxed as such when out of the State, while the real estate represented by a deed it would not be thought of to tax except in the State where it is; but so embarrassing have become our methods of conveyancy of real estate, that His Excellency the Governor has thought it wise by a special message to commend to the legislature what is known as the Torren’s system of registration of land by certificate of title, most successfully practised in Australia and elsewhere. When this system shall have been adopted in New England, it will become just about as easy to hypothecate or transfer real estate as stock in a mill. In the one case, the “evidence of property” is a certificate of stock, which is taxed twice, once where the property is, and again where the stockholder who holds the certificate resides. The other is also a certificate of the same kind of property, and “equally an evidence of property,” but only taxable where the estate is. Neither of these pieces of *paper* are property, nor should one be taxed twice more than the other.

OBJECTIONS URGED.

We need not dwell upon this part of our subject. It might be wiser to anticipate the objection that will at once be urged, as follows:—

“Income from business as well as income from profession or occupation and ‘evidences of property,’ so called, although not property *de facto*, are all evidence, of ability to pay taxes. It should not be forgotten that it is *persons*, not property, upon whom rests the obligation and burden, and if all this double taxation is suspended, you will surely release ability to pay and create a heavier load for those who now carry it.”

Now I do not hesitate to declare that this view of the case is a delusion, and is dishonest from the core. He who imagines that taxes on personal property are *now* determined by ability to pay, knows mighty little about the whole business. The present system is a dishonest one, and every tax payer on personal property knows and feels it. Those words, “proportional and reasonable” have equal force and significance. In the effort to collect a fair and just tax, nothing is gained by claims exorbitant, unjust, and unequal. Injustice on the part of the State compels a corresponding method on the part of the people, and more and more personal estate

disappears. The assessors' returns of personal property in this State in 1869 were \$553,000,000; in 1889, it is almost precisely the same; while in the same two decades, real estate has swollen from \$838,000,000 to \$1,600,000,000; and although it will be urged that the State takes in a large amount of personal property and tax on savings banks, trust companies, and corporations, yet it does not effect the argument substantially, but does suggest the impressive fact that on such personal property taxed by the State there is *no* double taxation, at least. We believe an honest general property tax would, when understood, be accepted and afford the best results. My friend, the Corporation Counsel, might be willing to pay taxes upon a herd of Jerseys on his ancestral estate in New Hampshire, and pay taxes on them again in Boston, because of his *ability* to do so; but it would be an utterly unjust thing; and were his property in New Hampshire to be a large interest in the Manchester print works, the case would be much the same, and the fact that this property also measured his ability to do anything in the way of expenditure, does not justify his being twice taxed upon it. How often I have heard the illustration that "the wealthy citizen living at the Vendome might have all his property out of the State in this way; but should he, therefore, escape taxation?" The illustration and assertion both fail. He does pay taxes on his property wherever it is, and we should welcome him and his expenditures to our city as freely as if all his property were real estate in New York. It is a great delusion to suppose any man escapes taxation, and the effort to tax twice in order to get what is required serves, as I have said, not to lighten the burden of the ordinary and honest tax payer, but to make it so much the worse for him; and if we cannot at once come to a system of taxation which common sense will allow to be fair and reasonable, we should keep trying until we do.

#### DIFFERENT METHODS OF REFORM.

And it does not seem so altogether difficult to find a way out of these old methods, which, although despised and condemned, still survive for lack of an agreement upon something better. Let us, then, in anything but a dogmatic spirit, enumerate and state concisely for your deliberate thought hereafter, the four or five which are most prominent.

First. The single tax of Henry George to which I have referred already. In a little book, which you can now buy for fifty cents, you will get, I think, the most clear and concise presentation of this theory of taxation. It is entitled, "The Land and the Community," by S. W. Thackeray, an English clergyman, and is written in so excellent a spirit that I advise everybody to read it.

No one will dispute the axiomatic truth that land is man's universal need as it is God's gift to supply his physical wants, and furnish him under all conditions a comfortable home. It is true that the primitive form of

property in land was not severalty, but commonalty, out of which individual ownership has been slowly evolved, with, of course, a heap of evils to those who, being the weaker, were crowded out.

The disciples of Henry George believe that the intricate problem how to meet the claims of honestly invested wealth preserving continuous ownership and possession, and how to restore to man his lost birthright, is solved by the system of taxing rental land values, which values it is conceded are largely created by the community which otherwise would derive no share therefrom: That such taxation, sparing all improvements, all personal property, all fruits of man's toil and thrift, would not be in itself unreasonable or unjust, and that it would in time, thus applied to the benefit of the whole community, supply all its communal wants and introduce the "era of No Taxation."

I hope, gentlemen, some of you may live to see this theory somewhere in the world fairly worked out. We are not surprised that in spite of its able presentation before legislative committees, none as yet has reported a bill.

#### THE SINGLE TAX ON REAL ESTATE

is but one remove from "The Single Tax." Of course, it embraces all improvements upon land, as well. The disciples of Mr. George do not believe in a man's being taxed upon the fruit of his industry, whatever it may be. They think the rental value of land must be made to carry the whole load. Where land is fairly improved, it would make but little difference. As under our system, all real estate is appraised, land and buildings separately, it would not be difficult in cities, at least, to apply either system, and it is surprising to find so many in Boston who are afraid of laying the city's expenses upon its real property alone. Mr. Crocker's report intimates that such a change would bring the rate in Boston to \$17.31, instead of about \$13, as now. But in 1884, we had a \$17 rate on a total valuation of \$682,000,000 and it was little felt and soon forgotten. In 1890, the valuation of real estate *alone* was \$620,000,000 and at the present rate of increase it will not be long before the real estate of this city can carry the load easier than did both real and personal together these few years ago.

I beg again to remind you of that clear apprehension of the case by Mayor Hewett, of New York, who, in 1887, commended to his Board of Aldermen the suggestion that to release the personal property of that city would increase the value of all its real estate by virtue of the stimulus it would give to all commerce and industry, and the gentlemen whose names are attached to the city's report represent enough real estate to make their opinions worth something. At any rate, I know mighty well they would like to have authority given the city to try the experiment of managing its affairs in this way.

The principle established in this State of exempting incomes to the

extent of \$2,000, might be applied to real estate as well, and a moderate exemption would be equally just in principle as well as expedient as a matter of policy. It would largely meet the objection that this plan would be unjust to the small real estate holder.

#### STATE TAXATION ONLY OF PERSONAL PROPERTY.

The next taxation reform method is that recommended by your Committee of last year, and in part adopted by you.

It recognizes the prejudice and opposition to making real estate the channel or medium by which the load shall be distributed and carried, and the great difficulty in applying it in some of the towns, and suggests certain taxation of personal property by the State in the line of present State taxation of savings banks, trust companies, corporations, etc. It means as do the previous methods, that the dooming and listing process as required and practised by local assessors, shall be abandoned, and contemplates in lieu thereof, mainly taxation in the Probate Courts — succession and collateral inheritance. The latter tax yields to the States of New York and Pennsylvania each over a million dollars annually, and is growing in public favor. The succession or probate tax would be a new departure; nevertheless there can be no question as to its justice or reasonableness. These courts are established by law as a great clearing house into which all the estates of the Commonwealth shall come for accounting, distribution, and settlement, and that is the time, when in a sense, the property escheats to the State for the State to take her dues. It is a mooted question how much, say a 3 to 5 % tax on personal property alone, or personal and real, if you please, would yield. From facts given in regard to the two great counties of Suffolk and Middlesex, the value of the estates passing through all the Probate Courts of the State would be from \$50,000,000 to \$80,000,000 annually. The element of uncertainty entering into the calculation is increased by the fact that at present, a great many estates are never inventoried. In Middlesex County, in 1889, there were entered 1,482 estates of which the number inventoried was 906, leaving out 576. The calculations as to results from this source may not be uninteresting. In a previous report it was conceded that in '89, \$25,000,000 passed through Suffolk County and many estates were not inventoried. Our friend Dr. Jenks, Chairman of the Committee on Taxation, thinks we should add 25% to this amount. As Suffolk County by valuation is about 4-10 of the State, \$30,000,000 here would bring us to the result of about \$75,000,000 for the whole State. Middlesex County again represents about 1-6 of the State in valuation. About \$10,000,000 is as near as could be estimated of the value of estates in her Probate Court for '89, and that would give the aggregate of \$60,000,000. The valuation of the State for purposes of taxation is about \$2,800,000,000 as estimated by the aggregates of both local assessors and State taxation. It is beyond all question that this sum will be greatly exceeded by the honestly appraised value of the estates which in a



generation will pass from one to another. Estimating results either by annual mortality 2% or dividing the total by the lifetime of a generation, and the figures I have given will be more than confirmed. I have thought that this tax should only be levied upon personal estate, which is, no doubt, much the larger part of the wealth of the State, and it would be well to exempt small estates also. I would not, therefore, estimate this tax as yielding over two millions of dollars at the outset, while in the revelations which it induced, there might come also a sum greatly exceeding this. We have not time to enlarge upon this special topic as we might do.

In regard to this reform, let me quote from an able Judge, Hon. Benj. F. Dos Passos : —

“ Few, if any, eminent writers on politico economic subjects question the justness and perfect feasibility of the inheritance tax, and our most eminent judges, as a rule, all favor it in some form or other. Mr. Justice Brewer, of the Supreme Court of the United States, says, ‘ I have often urged that taxation on successions as one of the most just of taxes, and if it were graduated to the amount of property passing, I think it would be most beneficial.’ ”

Continuing, Dos Passos says : — “ Put the direct inheritance tax in force in this State for a few years, *abolishing at the same time the personal property tax*, and it would become so popular that the tax payers would not soon see it repealed. It would yield more than enough revenue to meet all State purposes, and if there were a surplus, it could be devoted by the State to the building up of our highways, to education, and to public charities.”

It might not be deemed inconsistent with just reform in taxation to accept also a State tax on public securities, like that of Pennsylvania, which does not include goods and merchandise, or capital in business. The difference between a tax of 3 mills or 3-10 of 1%, \$3 on a thousand, is so great compared with our tax, averaging \$15.00 on a thousand, one fourth to one half of all the income from any safe bond, would, we think, influence a large disclosure and revenue from this source? In Pennsylvania it yields about a million of dollars. Of course, these additions to the revenue of the State would relieve all the cities and towns from the usual State tax and all county taxes, and more might be done in ways I have no time to enlarge upon for the benefit of those towns whose financial condition would need special consideration. There is little hope for such towns under the present system. That is sure.

#### “ONE HONEST TAX ON PERSONAL PROPERTY.”

We come, at length, to the recommendations of the City Commission, in their report just published, which means a continuance of the present system, only in taxing by listing or by dooming no account shall be made of income derived from tax property, or of personal property, out of the State, at least to the extent of any double taxation thereon. It also favors a credit upon stocks of goods for any indebtedness thereon, so that the merchant may not



be taxed upon his indebtedness, and shall be placed on a par in this respect with the merchant of New York, if he may not be with his competitor in Philadelphia. I need not dwell upon its fairness and its advantages, and we shall observe carefully how those interested in the subject take to the idea of "one honest tax" on personal property throughout all the borders of the State.

I admit that some economic students do not admit that either of the single tax theories are adequate; and they are looking in different directions, watching the social and industrial forces of advancing civilization, to discover new and original methods of taxation. In Europe, as you know, the income tax is a leading feature, but I do not think the people of the United States regard it with growing favor. Corporations are being looked after more and more in all the States, and nothing is more needed than uniformity of action and determination, where and what is the situs of these organized bodies for purposes of taxation. At the present time there are at least a dozen ways or theories about it, and ever so much double taxation of the most aggravating kind. It is a subject quite beyond any full discussion here. It is, however, being taken up by able minds, especially the eminent Professor of Columbia College, and we may hope for more concordance of views thereon than now exist.

There has been with such earnest workers in this cause, as Prof. Ely, of the Johns Hopkins University, as you know, a hope that at least municipalities might lighten the burden of the tax payer by a better utilization of such local resources as the massing of the people together creates. You know what I mean without any such enlargement upon that subject as this occasion forbids, and there are at home and abroad most gratifying illustrations of what can be done in this way.

As a matter of fact, no matter what other cities at home and abroad are doing thus to lighten the public burden, the outlook in Massachusetts is far from encouraging. The recent decision of the Supreme Court that cities and towns may not, except by authority of the legislature, even erect poles and furnish electric light for their own use (from which I suppose we must infer they have no power to go beyond the old lamp posts and kerosene) does not look complimentary to government by the people as it exists here. Democrats don't believe in Republicans, and Republicans believe less in Democrats, and the fear of party changes scares everybody when it is suggested that cities in Massachusetts should save money, least of all make any money, in this way.

It seems, therefore, very much as if the judiciary, the press, State Street, and all the conservative influences in the State are so out of sympathy with any reform or relief in taxation from these sources, that while we have learned and applied one great lesson of supreme value from our cousins in Australia, and are preparing to receive another, it must yet be concluded that there are some things which the State of Massachusetts and her

capital are too old to learn from anybody. Considering, then, all the differences of opinion and conflict of interests, which this most stirring of all public questions always excites, how natural the enquiry, "Why is it not best to smooth over the whole business as well as we may?" The assessors throughout the State on the whole, are able, discreet, and fair, and they make things as easy as they can. Most of them are more governed by the rule, "Put yourself in his place" than by any impossible law on the statute book; while theoretically they are a sort of State functionary, practically they are a long way from the State House and their interests are with "their town." In the inevitable rivalry which exists to secure, on one hand, desirable citizens, and, on the other, a desirable town or city, it is a pity if any reasonably minded inhabitant of the State could not manage to stay here, if he wanted to, and as for increasing in population, etc., have not we, in spite of our bad taxation laws, "so honored them in the breach rather than the observance" that our gain in population and resources has for the last decade been quite remarkable?

We will not reply to this statement of the situation in any words of our own which it would be easy to do. If in this paper, or any preceding one, there may have seemed to be statements at all extravagant, I will ask you to compare them with the strong words of an eminent professor in a leading college, which will, I think, more fittingly close this discussion. These public teachers are not inclined to any but careful and accurate forms of speech. If any of you have seen or read anything which with more clearness and vigor of statement puts the whole case, I shall be glad to know it. And please don't forget that Professor Edwin R. A. Seligman, of Columbia College, is not speaking for New York City or State, but for the country! He says:—

"Practically, the property tax was once well-nigh universal. Far from being an original idea, which the American instinctively adopted, it is found in all early societies where economic conditions were similar to those of the American colonies. In a community, mainly agricultural, the property tax was not unsuited to the social conditions. But as soon as commercial and industrial considerations came to the foreground, in national or municipal life, the property tax decayed, became a shadow of its former self, and ultimately turned into a tax on real property, while professing to be a tax on all property.

"The disparity between fact and theory everywhere became so evident, and engendered such misery, that the property tax was gradually relegated to a subordinate position in the fiscal system, and was at last completely abolished. All attempts to stem the current, and to prolong the tax by a more stringent administration, had no effect but that of an injurious reaction in the morals of the community. America is to-day the only great nation deaf to the warnings of history, but it is fast nearing the stage where it, too, shall have to submit to the inevitable."

Again he says in closing an article in the *Political Science Quarterly*, Vol. V : —

“Practically, the general property tax, as actually administered, is, beyond all peradventure, the worst known in the civilized world. It puts a premium on dishonesty and debauches the public conscience. It reduces deception to a system, and makes a science of knavery. It presses hardest on those least able to pay. It imposes double taxation on one man, and grants immunity to the next. Its retention can only be explained through ignorance or inertia. Its abolition must become the battle cry of every statesman and reformer ! ”

Gentlemen, I thank you for your attentive hearing. The audience has been better than the subject or its presentation.

# STANDING COMMITTEES, 1890-91.

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Mr. WILLIAM B. RICE . . . .	125 Summer Street.
Mr. P. FRANK HENNIGAN . . . .	48 Commercial Street.
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